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INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY

RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

RUEHC/DEPT OF LABOR WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RHMFIUU/CDR USSOUTHCOM MIAMI FL PRIORITY

RHMFIUU/CDR USNORTHCOM PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

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SIPDIS

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SECSTATE FOR A/S SHANNON

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USDOC FOR 4320/ITA/MAC/WH/ONAFTA/GWORD

USDOC FOR ITS/TD/ENERGY DIVISION

TREASURY FOR IA (ALICE FAIBISHENKO)

DOE FOR INTERNATIONAL AFFAIRS KDEUTSCH AND ALOCKWOD

SECSTATE PASS TO USTR (EISSENSTAT/MELLE)

SECSTATE PASS TO FEDERAL RESERVE (CARLOS ARTETA)

NSC FOR DAN FISK

E.O. 12958: N/A

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SUBJECT: PRESIDENT CALDERON UNVEILS MEXICO'S NATIONAL DEVELOPMENT PLAN

REF: (A) Mexico 2784

(B) 06 Mexico 6265

(C) 06 Mexico 6243

**¶1.** (U) Summary: President Calderon has announced a National Development Plan for Mexico. The plan calls for extensive political and economic reform covering a wide range of areas from security to competitiveness to foreign policy and the environment. Although many of the proposals have been pending through numerous Mexican administrations, the Plan is another step in the Calderon government's vision for Mexico. It will require hard policy decisions and sustained work across many fields to be implemented successfully over time. Post will follow up on the individual portions on the Plan and report further via septels. End Summary

**¶2.** (U) On May 31, in a speech at the National Palace before Mexico's top political, business and academic leadership, President Calderon unveiled Mexico's National Development Plan for 2007-2012. Calderon said the overall goals of the Plan are to ensure sustainable human development so that all Mexicans have a dignified life; to reduce inequality between the north and south of Mexico and between Mexico's rural and urban areas; improve education in order to develop future generations of Mexicans; ensure public security and combat criminality; ensure a competitive economy that generates jobs; and make Mexico a leader not only in North America, but in Latin America, the Asia-Pacific, and Europe. Calderon said the Plan calls for extensive political and economic reforms, and requires a dialog between the executive, legislative and judicial branches as well as between federal, state and municipal governments, and the society at large. Many of these reforms have been pending through numerous administrations.

**¶3.** (U) The Plan builds on Calderon's "Vision of Mexico in 2030 Project" that he unveiled in 2006 in a series of public fora held shortly before his inauguration (refs B and C) in which he laid out a vision of where Mexico should be in 2030, including that the country should among the give largest economies in the world with a GDP of USD 30,000 per capita (Comment: Mexico's GDP per capita in 2006 was USD 8135).

What's in the Plan

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¶4. (U) The five "main directives" of the Plan are:

- (1) Rule of Law and Security
- (2) Competitive Economy and Employment Generation
- (3) Equality of Opportunities
- (4) Environmental Sustainability
- (5) Effective Democracy and a Responsible Foreign Policy

¶5. (U) In his speech, Calderon said the Plan demands, among "many other things," that Mexico do the following:

- (1) Increase investment in infrastructure.
- (2) Increase investment in human capital.
- (3) Become more productive and competitive as a nation.
- (4) Strengthen nutrition and nourishment programs.
- (5) Provide universal health care.
- (6) Improve education.
- (7) Provide more financial options for family investments in housing.
- (8) Preserve natural surroundings and resources, including water conservation.
- (9) Invest in programs such as PROARBOL- that provides income for those willing to care for and preserve forests and jungles.
- (10) Increase use of renewable energy and clean technologies, improvements in the quality of fuels, waste water treatment, and solid waste management.
- (11) Reduce corruption.

¶6. (U) The 194-page plan lists goals and strategies for all the

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above sectors, but many of these are general, rather than specific actions. Post will be evaluating the separate parts of the Plan and will report further via septels.

Security

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¶7. (U) In line with the Administration's initial actions to improve public security by launching surge operations in ten of the most conflictive states and significantly increasing the security budget, the Plan puts rule of law and public security at forefront of the agenda under its first directive. In terms of judicial reform, the Plan calls for the gradual implementation of oral trials, the expedition of judicial proceedings, unifying a sole penal code, reforming the federal penitentiary system, and combating impunity. The Plan also justifies and anticipates the continued use of the military to combat organized crime and narcotrafficking. In this endeavor, the NDP calls for improving the technology and intelligence-gathering capabilities of the armed services, coordinating systems of intelligence, and police reform.

Effective Democracy and  
Responsible Foreign Policy

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¶8. (U) Consistent with President Calderon's governing strategy to date, the democracy and foreign policy section of the National Development Plan envisions an effective democracy with strengthened government institutions, citizen-focused public policies, and enhanced dialogue between political forces. The Plan calls for the construction of a national agenda concerning the nation's priorities, including political agreement around essential reforms. Citizen participation in the design and evaluation of public policies, and improved government transparency and performance across the federal structure are considered key to a more effective democracy. The Plan outlines an active and responsible foreign policy designed to improve the quality of life of Mexicans inside and outside the country. Migration remains a priority theme in relations with the United States; Mexico also seeks to promote international cooperation in counter-terrorism, counter-narcotics, and efforts to combat trafficking in persons. The Plan also shows

that Mexico intends be a leader in Latin America, and to expand its role in Europe, and Asia.

Competitive Economy

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**¶9.** (U) The Plan sets out proposals to achieve sustainable GDP growth of 5 percent per year and create 800,000 jobs by the end of his six-year presidential term. The Plan states that without Congressional support for proposals to boost productivity and improve investment conditions, the economy probably would grow at around 3.5 percent -- a rate the president described as insufficient to allow the country to meet its developmental goals. Finance Minister Agustin Carstens has said that the government will present a fiscal reform before September, which will aim to raise tax collections by 3 percent of GDP. The Plan aims to make the case for a fiscal reform whose approval is not guaranteed because of the fragmented nature of the legislature. Calderon has a reasonable chance of securing passage of such legislation with the support of the opposition PRI, whose new leader, Beatriz Paredes, may be willing to negotiate. However, many observers expect that the Calderon Administration will need to make significant concessions to ensure passage.

Environmental Sustainability

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**¶10.** (U) Central to achieving environmental sustainability is the "responsible" participation of the Mexican people to ensure that economic development and environmental preservation occur hand in hand, rather than one at the expense of the other. The Plan calls

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for a holistic, cross-cutting approach, involving all political institutions in Mexico, to craft policies in the priority areas of water, forests, climate change, biodiversity, and hazardous wastes. Enjoying pride of place is climate change. The Plan describes "climatic stability" as a public good that is the responsibility of Mexico and the international community to safeguard. Policy recommendations in this area include preservation and replanting of forests, increased energy efficiency, clean technology, and implementation of Clean Development Mechanism projects. Calderon's background as Energy Secretary under the Fox administration may give these efforts particular momentum. (See also ref A).

Comment

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**¶11.** (U) The goals in Calderon's National Development Plan coincide with U.S. efforts in Mexico. Indeed, the Embassy is actively working with the GOM in many of the areas. Somewhat long on lofty rhetoric and short on specifics, the new National Development Plan is another major step in the Calderon government's vision for Mexico. Like many visions, it will require hard policy decisions and sustained work across many fields to be implemented successfully over time. Recent actions on pension reforms, and fiscal reform initiatives already under negotiation show that the Calderon Administration can successfully work with Congress and private actors on needed policy changes. The Plan highlights again that senior GOM officials understand well the breadth and depth of challenges facing Mexico. The trick now will be to put it all together in a real and coherent way.

GARZA